Rhys Thomas runs a hot dog stall outside a busy shopping mall. His expected costs and revenues for the next few months are shown below:

|  |  |
| --- | --- |
| Capacity | 200 hotdogs per day |
| Sales volume | 110 hotdogs per day |
| Unit price | $2.50 |
| Ingredients and materials | $0.8 per hotdog |
| Rent | $200 per month |
| Salary | $500 per month |
| Other overhead expenses | $320 per month |
| Utility bills | $140 per month |

Construct a break-even chart for RT’s Hotdogs, showing the monthly break-even quantity.

Assume that the average daily sales volume increases to 70% of capacity and that rent rises by 50%. Determine the effect of these changes on your break-even chart and comment on your findings.

Jose Mendoza runs a taxi service in Manila, Philippines. The average price charged to customers is 330 pesos. Its fixed costs are 6400 pesos, and the average cost of each journey is 130 peso. The average number of taxi journeys each month is 66.

Calculate the break-even quantity for Mendoza Taxi Services.

Calculate the margin of safety for Mendoza Taxi Services.

Calculate the current annual profit for Mendoza Taxi Services.

Calculate the target price of each journey is Jose Mendoza has a monthly target profit of 8000 pesos.